

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013  
(With Comparative Totals as of and For the Year Ended June 30, 2012)  
And Supplemental Information Schedules**

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Alexandria, Louisiana

Annual Financial Report  
As of and For the Year Ended June 30, 2013  
(With Comparative Totals as of and For the Year Ended June 30, 2012)  
And Supplemental Information Schedules

C O N T E N T S

Independent Auditor's Report	<u>Statement</u>	<u>Page No.</u> 1
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART I)</b>		
Management's Discussion and Analysis		2
<b>FINANCIAL SECTION:</b>		
Government-Wide Financial Statements:		
Statement of Net Position	A	4
Statement of Activities	B	5
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	6
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position	D	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	E	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	10
Notes to the Financial Statements		11
	<u>Schedule</u>	<u>Page No.</u>
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART II):</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	1	21
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	2	22
Schedule of OPEB Funding Progress	3	23
<b>OTHER SUPPLEMENTAL INFORMATION:</b>		
Schedule of Compensation Paid Board Members	4	24
<b>REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS:</b>		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		25

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**Independent Auditor's Report**

To the Board  
Rapides Soil and Water Conservation District  
Alexandria, Louisiana

**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rapides Soil and Water Conservation District, Alexandria, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**OPINIONS**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Alexandria, Louisiana  
Independent Auditor's Report  
(Continued)

**REPORT ON SUMMARIZED COMPARATIVE INFORMATION**

I have previously audited the June 30, 2012, financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 20, 2012. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**OTHER MATTERS**

Accounting principles generally accepted in the United States of America require that the supplementary information (Part I & II), as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 6, 2013, on my consideration of the internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Respectfully, Submitted,

*Herbie W. Way*

Herbie W. Way  
Certified Public Accountant  
December 26, 2013

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2013**

As management of the Rapides Soil and Water Conservation District (the District), we offer readers of the District's financial statements this discussion and analysis of the financial activities of the District for the year ended June 30, 2013. The MD&A is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the District's finances. It is also intended to provide readers with an analysis of the District's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in financial position, its ability to address future year challenges, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

**Overview of the Financial Statements**

The District's basic financial statements consist of the following:

**Government-Wide Financial Statements (GWFS)** - are designed to change the way in which governmental financial statements are presented by providing a concise "entity-wide" Statement of Net Position and Statement of Activities which provide a broad overview of the District's financial position and results of operations.

**Statement of Net Position** - presents information on all of the District's assets and liabilities using the accrual basis of accounting. The difference between assets and liabilities is reported as net position.

**Statement of Activities** - presents information on all the District's revenues and expenses using the accrual basis of accounting which reports all changes in net assets as the underlying events occur.

**Government-Wide Financial Analysis** - net position, over time, serve as a useful indicator of a government's financial position. For the year ended June 30, 2013, the assets exceeded liabilities by \$496,288, this represents an increase in net position of \$28,649, from the previous year.

The majority of the District's net position is reported as cash and cash equivalents which are used to provide services to improve and conserve the quality of the soil and water within the District. These assets are available for future spending.

**Fund Financial Statements (FFS)**- presents information on all of the District's revenues and expenses using the modified accrual basis of accounting. This reports all changes in net position as the underlying events occur. Fund Financial Statements - consists of funds which are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentations more familiar. The focus now is on the major fund types rather than the non-major fund types. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - which are comprised of the General Fund and a Special Revenue Fund, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2013

**Fund Financial Analysis** - the governmental activities include general governmental activities which are reported in the General Fund which are funded by an annual State appropriation through the Louisiana Department of Agriculture and Forestry and a Special Revenue Fund whose governmental activities are funded through cost reimbursements from the Louisiana National Guard. The general governmental expenditures of the District include salaries and related benefits, program expenses, and other general administrative costs.

For the year ended June 30, 2013, the governmental funds reported a combined ending fund balance of \$489,010, this is an increase of \$16,843, from the previous year. The General Fund has an unassigned fund balance of \$114,009, this is a decrease of \$43,353, from the previous year. The Special Revenue Fund has an assigned fund balance of \$375,002, this is an increase of \$60,196, from the previous year.

**Notes to the Financial Statements** - provides additional information that is essential for full disclosure and understanding of the financial information provided in the basic financial statements.

**Required Supplemental Information** - as required by governmental accounting standards, consists of budgetary comparison of the General and Special Revenue Fund.

**Other Supplemental Information** - as required by State law, consists of a schedule of compensation paid to board members.

**Request for Information**

Questions concerning any of the information contained in this report or requests for additional information can be obtained by contacting the District at 3734 Government Street (USDA Building C), Alexandria, LA 71302.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana

Statement of Net Position

June 30, 2013

(With Comparative Totals at June 30, 2012)

	2013	2012
ASSETS		
-----		
Cash and cash equivalents	\$489,010	\$472,167
Net postemployment benefit	20,123	18,847
	-----	-----
TOTAL ASSETS	\$509,133	\$491,014
	=====	=====
LIABILITIES		
-----		
Current liabilities:		
Accounts payable		
Compensated absences	\$3,211	\$5,844
Long-term liabilities - compensated absences	9,634	17,531
	-----	-----
Total Liabilities	12,845	23,375
	-----	-----
NET POSITION		
-----		
Assigned	375,002	272,268
Unassigned	121,287	195,371
	-----	-----
TOTAL NET POSITION	\$496,288	\$467,639
	=====	=====

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana

Statement of Activities  
For the Year Ended June 30, 2013  
(With Comparative Totals for the Year Ended June 30, 2012)

	Expenses	Charges for Services	Program Revenues		
			Operating Grants and Contributions	Capital Grants and Contributions	
			2013	2012	
Governmental activities:					
Conservation of natural resources - soil and water conservation	(\$624,119)	\$610,763	\$31,875	\$18,519	\$6,189
TOTAL	(624,119)	610,763	31,875	18,519	6,189
GENERAL REVENUES					
Use of money and property				10,130	6,727
CHANGES IN NET POSITION				28,649	12,915
NET POSITION AT BEGINNING OF YEAR				467,639	454,723
NET POSITION AT END OF YEAR				\$496,288	\$467,639

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana  
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2013  
(With Comparative Totals at June 30, 2012)

	GENERAL FUND	SPECIAL REVENUE FUND	2013	2012
ASSETS				
-----				
Cash and cash equivalents	\$114,009	\$375,002	\$489,010	\$472,167
TOTAL ASSETS	\$114,009	\$375,002	\$489,010	\$472,167
	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE				
-----				
Liabilities:				
Accounts payable	NONE	NONE	NONE	NONE
FUND EQUITY				
-----				
Assigned	\$114,009	\$375,002	\$375,002	\$272,268
Unassigned	114,009	375,002	114,009	199,899
Total Fund Equity	114,009	375,002	489,010	472,167
TOTAL LIABILITIES AND FUND EQUITY	\$114,009	\$375,002	\$489,010	\$472,167
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2013  
(With Comparative Totals at June 30, 2012)

	2013	2012
	-----	-----
Total Fund Balance - Governmental Funds	\$489,010	\$472,167
Adjustments for:		
Compensated absences	(12,845)	(23,375)
Other postemployment benefits	20,123	18,847
	-----	-----
Net Position	\$496,288	\$467,639
	=====	=====

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Equity  
For the Year Ended June 30, 2013  
(With Comparative Totals for the Year Ended June 30, 2012)

	GENERAL FUND	SPECIAL REVENUE FUND	2013	2012
REVENUES				
State appropriations	\$31,875		31,875	29,739
Natural Resources Conservation Service - Louisiana		\$610,763	610,763	666,355
Army National Guard	10,130		10,130	6,727
Use of money and property				
Total revenues	42,005	610,763	652,768	702,820
EXPENDITURES				
Current - conservation of natural resources - water conservation	85,358	550,567	635,925	677,643
Total expenditures	85,358	550,567	635,925	677,643
EXCESS OF REVENUES OVER EXPENDITURES	(43,353)	60,196	16,843	25,178
OTHER FINANCING SOURCES (USES)				
Operating transfers in				42,537
Operating transfers out				(42,537)
Total other financing sources (uses)	NONE	NONE	NONE	NONE

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Equity  
For the Year Ended June 30, 2013  
(With Comparative Totals for the Year Ended June 30, 2012)

	GENERAL FUND	SPECIAL REVENUE FUND	2013	2012
	-----	-----	-----	-----
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
AND OTHER USES	-----	-----	-----	-----
	(\$43,353)	\$60,196	\$16,843	\$25,178
FUND EQUITY AT BEGINNING OF YEAR	157,362	314,805	472,167	446,989
FUND EQUITY AT END OF YEAR	=====	=====	=====	=====
	\$114,009	\$375,002	\$489,010	\$472,167
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
Alexandria, Louisiana

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2013  
(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
	-----	-----
Total net change in fund balances - governmental funds	\$16,843	\$25,178
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net (increase)/decrease in compensated absences	10,530	(13,538)
Net (increase)/decrease in other post employment benefits	1,276	1,276
	-----	-----
Change in net position of governmental activities	\$28,649	\$12,916
	=====	=====

The accompanying notes are an integral part of these financial statements.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**NATURE OF ORGANIZATION**

Rapides Soil and Water Conservation District (the District) was created under the provisions of Louisiana Revised Statutes (LSA-RS) 3:1201 and comprise the area within District 12, Area III of the State of Louisiana. The District is governed by a Board comprised of five land owners or occupants as provided by LSA-RS 3:1204 and primarily assists farmers and other land users in the use of the lands and the prevention of erosion of farm and urban lands and the pollution of waters within the District.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a governing authority for financial reporting purposes, since it is a special purpose government that is a legally separate governmental subdivision of the State, and is fiscally independent of other state or local governments. As a governing authority for financial reporting purposes, the financial statements of the District include all funds and activities that are within its oversight responsibility.

**C. FUNDS**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the are classified as follows:

**Governmental Funds**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are considered major governmental funds used by the District in its operations:

**General Fund** -- the general operating fund and accounts for all financial resources, except those required to be accounted for in other funds.

**Special revenue funds** -- account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special revenue funds are comprised of:

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**Louisiana National Guard (LANG)** - which reimburses the District monthly for salary costs and benefits of providing management, monitoring and implementation of environmental projects, performing the duties of hazardous waste manager and environmental management system coordinator.

**Natural Resources Conservation Service** - reimburses the District monthly for technical assistance associated with the administration and implementation of the Environmental Quality Incentives Program. Tasks include, but are not limited to, developing and modifying conservation plans, surveying, design, inventory/evaluation, certification/monitoring.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements** - include the Statement of Net Position (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the District as a whole.

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

**Allocation of Indirect Expenses** - The District reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

**Fund Financial Statements** - governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Federal and state entitlements, including annual appropriations are recorded as unrestricted grants-in-aid when available and measurable. Expenditure driven Federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Interest earnings on time deposits are recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when they are available to the District.

Based on the above criteria Federal and State entitlements, including annual appropriations, are treated as susceptible to accrual by the District.

**Expenditures**

Salaries are recorded as expenditures when earned.

Purchases of various operating services and supplies are recorded as expenditures in the accounting period they are purchased.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

**E. BUDGET PRACTICES**

The proposed budget of the governmental funds, is adopted by the board of commissioners in a public meeting in June of the previous year. All appropriations lapse at year end. Although a system of encumbrance accounting is not used by the District, formal budget integration (within the accounting records) is employed as a management control device.

**F. CASH AND EQUIVALENTS**

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**G. CAPITAL ASSETS**

At June 30, 2013, the District has not acquired any property, plant, and/or equipment that is required to be capitalized and depreciated.

**H. RESTRICTED NET POSITION**

For Government-Wide Statement of Net Position, net position are reported as restricted when constraints placed on net position use are either, externally imposed by creditors (such as debt covenants, construction contracts, etc.), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation. At June 30, 2013, there are no restrictions of net position.

**I. FUND EQUITY**

The district implemented the requirements of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form; i.e., inventory, prepaid expenses, etc.

Restricted Fund Balance - amounts constrained to specific purposes by their providers; i.e., grantors, bondholders, and higher levels of government through constitutional provision or enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes, by the board, using its highest level of decision-making authority. These fund balances can not be used for any other purpose unless the board takes the same highest level action to remove or modify the constraint.

Assigned Fund Balance - amounts the board intends to use for a specific purpose. Intent is expressed by the board.

Unassigned Fund Balance - amounts that are available for unrestricted expenditure. Positive amounts are reported only in the General Fund.

The board establishes fund balance commitments and assignments by passage of a resolution, typically uses restricted fund balances first, followed by committed, assigned, and unassigned fund balances when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

**J. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence. At June 30, 2013, there are no extraordinary and/or special items to be reported.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**K. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2013, the District has cash and cash equivalents as follows:

Demand deposits (interest bearing)	\$132,943
Time and certificates of deposit	356,067
Total	<u>\$489,010</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2013, the District had cash and cash equivalents (collected bank balances) of \$489,493. These deposits are secured from risk by federal deposit insurance (GASB Category 1).

**3. LONG-TERM DEBT**

The following is a summary of the changes in long-term debt for the year ended June 30, 2013:

	Other Post Employment Benefits	Compensated Absences	Total
Balance at beginning of year	(\$18,847)	\$23,375	\$4,528
Additions	5,600	16,034	21,634
Deductions	(6,876)	(26,564)	(33,440)
Balance at end of year	(\$20,123)	\$12,845	(\$7,278)

**4. COMPENSATED ABSENCES**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 80 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges is recognized as a current-year expenditure in the General Fund when leave is actually taken. The total liability related to the cost of leave privileges is reported on the Government-Wide Financial Statements.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**5. PENSION PLAN**

Employees of the District participate in the Federal Social Security System (System). In addition to the employee contribution withheld at the applicable tax rate for social security and medicare tax, the District is required to remit an equal amount to the Social Security System. The District does not guarantee the benefits granted by the System.

**6. RISK MANAGEMENT**

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**7. OTHER POSTEMPLOYMENT BENEFITS**

**Post-Retirement Health Care and Life Insurance Benefits**

The Rapides Soil and Water Conservation District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Rapides Soil and Water Conservation District's employees become eligible for these benefits if they reach normal retirement age while working for the Rapides Soil and Water Conservation District.

These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program, whose monthly premiums are paid jointly by the employee and the Rapides Soil and Water Conservation District.

There were approximately 4 retirees participating in the insurance program during this fiscal year.

**Plan Description**

The Rapides Soil and Water Conservation District's medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an agent multiple-employer plan for financial reporting purposes and for this valuation.

A financial report may be obtained by writing to Office of Group Benefits, 7389 Florida Boulevard, Suite 400, Baton Rouge, Louisiana 70806.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**Contribution Rates**

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents of the OGB, available at [www.groupbenefits.org](http://www.groupbenefits.org) - "Quick Links"- "Health Plans".

**Funding Policy**

Until June 30, 2009, The Rapides Soil and Water Conservation District recognized the cost of providing post-employment medical and life benefits (Rapides Soil and Water Conservation District's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the postemployment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2009, Rapides Soil and Water Conservation District prospectively implemented Government Accounting Standards Board Statement Number 45 (GASB 45), Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions. The Office of Group Benefits has sole authority over the plans and informs the Board and plan members of their obligation in funding the plans.

**Annual Required Contribution**

Rapides Soil and Water Conservation District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

	Medical & Life
Normal cost	NONE
30-year UAL amortization amount (including interest)	\$5,600
Annual required contribution (ARC)	\$5,600

The table below shows Rapides Soil and Water Conservation District's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2013:

	Medical & Life
Beginning Net OPEB Obligation (Asset)	(\$18,847)
UAL amortization amount	5,600
Contributions made	(6,876)
Ending Net OPEB Obligation (Asset)	\$ (20,123)

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**Funded Status and Funding Progress**

In the fiscal year ending June 30, 2013, Rapides Soil and Water Conservation District made no contributions to its post-employment benefits plan. The funding status is as follows:

Actuarially accrued liability (AAL) - medical & life	\$144,700
Actuarial value of plan assets	NONE
Unfunded actuarial accrued liability (UAAL)	144,700
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	44,000
UAAL as a percentage of covered payroll	328.86%

Actuarial accrued liability is defined as that portion, as determined by a particular actuarial cost method (Rapides Soil and Water Conservation District uses the Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2012-2013, the entire actuarial accrued liability was unfunded.

The schedule of funding progress presented as required supplemental information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Rapides Soil and Water Conservation District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Rapides Soil and Water Conservation District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Rapides Soil and Water Conservation District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method**

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**Actuarial Value of Plan Assets**

Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Post-employment Benefit Plan Eligibility Requirements**

It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. This consists of a three year D.R.O.P. period plus an additional two year delay. Medical benefits are provided to employees upon actual retirement. Employees are covered by the Louisiana State Employees' Retirement System (LASERS), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. Entitlement to benefits continue through Medicare to death. Investment Return Assumption (Discount Rate) GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio under professional management.

**Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later. Zero trend has been assumed for valuing life insurance.

**Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by Rapides Soil and Water Conservation District for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB medical rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
 Alexandria, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
State appropriations	\$32,883	\$29,200	\$31,875	\$2,675
Use of money and property	3,770	3,645	8,264	4,619
Total revenues	36,653	32,845	40,139	7,294
EXPENDITURES				
Current - Conservation of Natural Resources - Soil and Water Conservation	80,000	85,000	85,358	(358)
Total expenditures	80,000	85,000	85,358	(358)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(43,347)	(52,155)	(45,219)	6,936
FUND BALANCE AT BEGINNING OF YEAR	43,347	52,155	157,362	105,207
FUND BALANCE AT END OF YEAR	NONE	NONE	\$112,142	\$112,142

See independent auditor's report.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
 Alexandria, Louisiana  
 GOVERNMENTAL FUND - SPECIAL REVENUE FUND

Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Louisiana Army National Guard	\$760,000	\$650,000	\$610,763	(\$39,237)
Total revenues	760,000	650,000	610,763	(39,237)
EXPENDITURES				
Current:				
Conservation of Natural Resources - Soil and Water Conservation	760,000	650,000	550,567	99,433
Total expenditures	760,000	650,000	550,567	99,433
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	NONE	NONE	60,196	60,196
FUND BALANCE AT BEGINNING OF YEAR	NONE	NONE	314,805	314,805
FUND BALANCE AT END OF YEAR	NONE	NONE	\$375,002	\$375,002

See independent auditor's report.

RAPIDES SOIL AND WATER CONSERVATION DISTRICT  
 Alexandria, Louisiana  
 Retiree Healthcare Plan  
 June 30, 2013

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$0	\$144,700	\$144,700	0.00%	\$44,000	329%

See independent auditor's report.

**RAPIDES SOIL AND WATER CONSERVATION DISTRICT**  
Alexandria, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE

For the Year Ended June 30, 2013

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405(G), each board member may receive per diem of up to \$35 per month to attend meetings.

<u>Board Member</u>	<u>Amount</u>
Brown, Bruce	*
Gillespie, Larry G.	\$210
Harper, J.T.	*
Johnston, Max C.	315
Melder, Richard J.	*
Totals	<u>\$525</u>

\* - Member has elected not to receive compensation.

See independent auditor's report.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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Alexandria, LA 71303  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Board  
Rapides Soil and Water Conservation District  
Alexandria, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rapides Soil and Water Conservation District, Alexandria, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued my report thereon dated December 26, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the entity's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Rapides Soil and Water Conservation District**  
Alexandria, Louisiana  
GAO Report  
(Continued)

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Herbie W. Way*

Herbie W. Way  
Certified Public Accountant  
December 26, 2013